

## Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 OMB-01 /061 R

DRAFTED BY: XMB:MR GOSNELL

APPROVED BY: EB/IFD/ODF:FHTHOMAS

XMB:RDCRAFTON VICE PRES LATIN AMERICA

XMB:EJO'CONNOR DEP EX VICE PRES

ARA/CEN/GGOWEN

----- 126881

R 041948Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY MANAGUA

UNCLAS STATE 220466

E.O. 11652: NA

TAGS: EGEN

SUBJ: GON REQUEST FOR EXIM LOAN IN SUPPORT OF ROAD BUILDING  
EQUIPMENT PURCHASE.

RE: MANAGUA 3966, 0406;

VANDENBURG-RENGERS TELECOM

8/23 AND 8/30

1. VICE MINISTER OF PUBLIC WORKS MR. REMY RENER MET WITH EXIMBANK  
STAFF ON AUG 24, 1976 TO PRESENT APPLICATION FOR EXIM LOAN  
IN SUPPORT OF GON PURCHASE OF ROAD-BUILDING EQUIPMENT.

2. THE MAJOR POINTS COVERED IN THAT MEETING WERE:

A) EXIMBANK CANNOT CONSIDER SUPPORTING THE PURCHASE OF APPROX-  
IMATELY DOL40 MILLION OF ROAD BUILDING EQUIPMENT.

B) EXIM MAY CONSIDER SUPPORTING THE PURCHASE OF APPROX  
DOL8 MILLION OF EQUIPMENT THIS YEAR UNDER THE DIRECT CREDIT

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PROGRAM. THIS DOES NOT IMPLY ANY WILLINGNESS BY EXIMBANK TO

PROVIDE SIMILAR SUPPORT AT ANY FUTURE TIME. IF THE GON SEEKS AN ADDITIONAL PURCHASE OF EQUIPMENT AT A LATER DATE AND REQUESTS EXIMBANK SUPPORT AT THAT TIME, THE BANK WILL REVIEW ITS POSITION IN LIGHT OF EXISTING CONDITIONS. SUCH A REVIEW MAY OR MAY NOT INDICATE THAT EXIMBANK SHOULD SUPPORT THE TRANSACTION.

C) IF THE BANK WERE TO SUPPORT THE PURCHASE OF DOL8 MILLION IN EQUIPMENT AT THIS TIME SUCH SUPPORT MIGHT BE AS FOLLOWS: A 15PERCENT CASH PAYMENT, A CREDIT OR FINANCIAL GUARANTEE FOR ABOUT 40PERCENT OF THE U.S. GOODS AND SERVICES, AND THE REMAINING 45PERCENT TO BE FINANCED FROM COMMERCIAL SOURCES. SHOULD EXIMBANK AUTHORIZE A DIRECT CREDIT, A COMMITMENT FEE OF 1/2 OF 1PERCENT COMMENCING FROM DATE OF APPROVAL WOULD BE ASSESSED. THE COMMITMENT FEE FOR A FINANCIAL GUARANTEE WOULD BE FROM 3/4 TO 1-1/2PERCENT PER ANNUM.

D) SINCE NICARAGUA'S HIGH LEVEL OF EXTERNAL PUBLIC DEBT IMPLIES A BURDENSOME DEBT SERVICE REQUIREMENT OVER THE MEDIUM TERM AND EXIMBANK'S EXPOSURE IS ALREADY RELATIVELY HIGH AT DOL49 MILLION, THE BANK HAS ASSUMED A CAUTIOUS APPROACH TOWARD ANY LARGE ADDITIONS TO THAT EXPOSURE. CONSEQUENTLY, EXIMBANK SUPPORT FOR THE PURCHASE OF ROAD BUILDING EQUIPMENT WILL BE LIMITED TO THAT AMOUNT AUTHORIZED UNDER THE DIRECT CREDIT PROGRAM. SUPPLIERS AND/OR COMMERCIAL BANKS REQUESTING INSURANCE AND/OR GUARANTEES UNDER THE FCIA OR BANK GUARANTEE PROGRAMS IN SUPPORT OF ROAD BUILDING EQUIPMENT SALES TO THE GON WILL BE INFORMED THAT EXIMBANK IS SUPPORTING SALES UNDER ITS DIRECT CREDIT PROGRAM AND NO ADDITIONAL INSURANCE OR GUARANTEES WOULD BE APPROPRIATE.

3. AT MR. RENER'S REQUEST EXIMBANK IS STATING THE ABOVE MENTIONED POINTS IN A LETTER TO MR. RENER. THE LETTER WILL BE SENT THROUGH MR. VANDENBERG OF THE AMEMBASSY. MOREOVER, A TELEX STATING THESE SAME POINTS WILL BE SENT TO MR. RENER IN CARE OF THE MINISTRY OF FINANCE. END ROBINSON

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Review Comment:** n/a  
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**TAGS:** ETRD, EQIP, ELTN, NU, US, XMB  
**To:** MANAGUA  
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